

**DEPARTMENT OF BUSINESS OVERSIGHT**

*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*



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**Commissioner of Business Oversight**

**For Immediate Release**

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**California Online Lending Grows by More  
Than 930% Over Five Years**

*Increase Outpaces U.S. Rate by 236 Percentage Points*

SACRAMENTO – Financing provided to California consumers and small business by 13 major online lenders increased by 936% from 2010-2014, to \$2.3 billion, and the state's growth rate exceeded the national pace by 236 percentage points, according to data the firms supplied in a Department of Business Oversight (DBO) survey.

The 13 companies' U.S. dollar total reached \$15.9 billion in 2014, the data showed.

"Clearly, California has a lot at stake in this growing segment of our financial services market," said DBO Commissioner Jan Lynn Owen. "It's crucial that we better understand the industry. These companies are providing needed access to financing. But we want to make sure our regulatory structure adequately protects the interests of our consumers and small businesses, and works effectively for industry."

The DBO distributed the survey last Dec. 11 as part of its inquiry into the so-called online, or alternative, lending sector. The inquiry's objective is to determine whether market participants are fully complying with state lending and securities laws. It also aims to assess how the state's regulatory regime is working, and should work, with respect to the industry.

The DBO sent the survey to 14 firms. The firms that responded include: Affirm, Avant, Bond Street, CAN Capital, Fundbox, Funding Circle, Kabbage, LendingClub, OnDeck, PayPal, Prosper, SoFi and Square. The only company that did not respond is CircleBack.

The 13 firms also submitted information about their business models and platforms. The DBO will analyze that information and may send companies follow-up requests for documents and information.

The DBO licenses and regulates more than 360,000 financial service businesses and individuals. Its jurisdiction covers: state-chartered banks and credit unions; non-bank lenders, including payday lenders, mortgage lenders and consumer finance lenders; mortgage servicers; money transmitters; investment advisers; securities broker-dealers; escrow firms; and other financial service providers.

Here is a summary that highlights the 13 companies' survey response data, in aggregate form.

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